



Between a Rock and a Hard Place

By Betsi Bixby

Running a family company in the midst of this industry's sweeping change is becoming less fun. Supply challenges, competitive pressures, employee issues, regulatory hassles --all can eventually take their toll on you, your business, and your family. While all this is going on, you may be hanging in there because petroleum is your life. You love the business, you enjoy the camaraderie and it may even be all you've ever done so you can't imagine yourself being anything but a petroleum marketer. But somewhere in the back of your mind, you've got this nagging. You know for your company to survive the next few decades and stay in the industry will require ratcheting up your efficiency and performance to stay profitable. And you may have doubts about whether it's even possible.

If that wasn't enough, there's the added pressure of all the family coming up in the business. You may worry whether the business can generate enough income and cash flow to keep the next generation secure. If you stay in, will they be able to enjoy the same lifestyle you have? Some marketers have confided in me they worry about whether they are leaving their children a treasured legacy or a ball and chain.

I don't think a day goes by that I don't talk to a marketer feeling like he is caught between a rock and a hard place. It's truly painful. And like any pain, it's far better to do something about it rather than just tolerate it day after day. The key to ending this agony is action. What action? Either make a commitment to stay in for the long haul and grow, or set a course, a strategic game plan to exit at the point of your choosing. There are two basic pathways out of that rock and hard spot place you're in, go or grow.

Grow – With more and more family needing higher and more salaries, one clear choice is to expand your business either organically or through acquisition in your current geographic area or by busting out of your current borders. One of my joys is revealing new business potential to families and daring them to dream to new heights. Whether through target acquisitions, honing cash flow skills through my Hidden Profits Coaching Club (www.HiddenProfitsCoaching.com) or setting strategic direction via my two-day onsite strategy team session, to me, high growth companies within clear family value guiding boundaries are exhilarating. I love seeing family companies achieving new heights of profit.

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Grow now with “exit later” plan – Over the past few years, I’ve been blessed to help several owners strategically poise their companies for future sale. Just last year, I sold a company that originally sought my cash flow advice back in 1991, my first year in business. Over the years, I played sideline coach and watched as the company grew volume, sites and profits. Then, I was given the honor of finding the perfect buyer just at the right time when the owner decided it was time to retire and go play. With other clients, the exit window has been much shorter. Frankly, lots of owners aren’t sure exactly when they want to exit, but know that generating a few years of solidly upward performance right before a sale brings maximum price. We recently listed a company with owners only in their forties. They had put in five straight years of increasing volume and profits and felt the time to cash in is now. Smart move.

Exit now plus enjoy the benefits of staying in the business – Because some marketers have already decided to bust their borders and seriously expand into regional or national powerhouses, they specifically want to buy companies where existing competent management will stay on and run the operations after the sale. While some marketers fret over whether they can go from being the boss to being an employee, a few have successfully taken the plunge. I recently spoke with one of our sellers who absolutely loves having executive level peers to brainstorm with, the reduced stress from no longer being 100% financially responsible (he’s getting to grow the business with someone else’s money now!) and gets a tremendous rush every time he sees his fat personal bank balance since his sale. His retirement is secure plus he’s still in the industry he loves, having fun. He also shared that because his new owners can buy supply at prices he only used to dream about, he’s also having a blast adding on new customers, stealing them from his arch competitors. Now that’s a kick! Life is good for him and all because he took action despite his fears.

In other instances, we’ve helped Dads retire and competent kids continue in the business under the careful guidance and watchful eye of new owners. (We have one buyer who cracks me up when he affectionately talks about his “world domination plan.” While using this phrase tongue and cheek, he actually created profitable worldwide companies several times and seems to have the grit and smarts to do it again!) These kids are actually becoming more and more competent through non-family, competent new owners that they actually listen to!

Exit now and go do something else – If you dread going to work, do yourself and your employees a favor by selling now. You owe it to yourself and your family to find a new career direction you can get excited about every morning. In my experience, the longer you delay the less cash you’ll end up with at the end. Just today I completed a valuation update for a good jobber who is already on the downhill slide despite his best efforts. His company declined in value 5% from last year’s value even though gross profits were up. Expenses had gone rampant, volume was starting to slip, and I very much wished I’d been more aggressive with him about selling the business last year. Even now, it worries me that he may delay selling because he has no idea what he would do with himself if he did sell. In the meantime, his company is in serious danger of just withering away, and if that happens, he’ll have ruined his retirement. While desperately wanting to preserve his lifestyle, he’s committing slow financial suicide.

It doesn't have to be that way. I keep in touch with many of our former owners who have gone on to experience satisfying lives after petroleum. Some have transitioned to new careers. One started a new business with his sons and his petro proceeds. One really young guy who sold last summer has more interesting job offers than he knows what to do with but hasn't made his next career decision yet and thanks to his cash position, can take his time.

And finally, to borrow a phrase from author Rick Warren's book *The Purpose Driven Life*, you may need to remember "it's not just about you!" To help you set your path, ask these questions:

- What decision will most bless my immediate family?
- What decision will most bless my customers?
- What decision will most bless my employees?

If you seek honest answers to those questions, you will know which path to seek. Whether the answer is grow or go, please know I'm committed to help you and when I do my job right, you may even enjoy the journey. Getting unstuck from between the rock and the hard place feels good. Would you like to explore your options and speed up the getting unstuck process? Call me at 800-728-9005. We'll discuss what's happening in your business, your goals and sort through your options until you can settle on your best game plan.